No. 94-1026

Supreme Court, U.S.
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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1994

MERRIAM-WEBSTER, INCORPORATED,

*Petitioner*,

—v.—

RANDOM HOUSE, INC.,

*Respondent*.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

## BRIEF FOR RANDOM HOUSE, INC. IN OPPOSITION

*Of Counsel*

Ellis B. Levine
Diana R. Frost
Random House, Inc.
201 East 50th Street
New York, New York
(212) 572-2355

Ralph P. Huber
Pamela A. Rask
Sabin Bermant & Gould
350 Madison Avenue
New York, New York 10017
(212) 692-4400

Robert G. Sugarman
*Counsel of Record*

Gloria C. Phares
David J. Lender
Marcia S. Cohen
WEIL, GOTSHAL & MANGES
767 Fifth Avenue
New York, New Yrok 10153
(212) 310-8000

*Counsel for Respondent*

January 9, 1995

16

## QUESTION PRESENTED

Whether the Court should disturb the Second Circuit's established standard for reviewing the issue of likelihood of confusion of trade dress when petitioners failed to raise the issue below and where application of the alternative standard petitioner espouses would not have changed the outcome of this case.

## RULE 29.1 LISTING

The parent companies of Random House, Inc. are Newark-Morning Ledger Co. and Advance Publications, Inc. Random House has no non-wholly-owned subsidiaries.

## TABLE OF CONTENTS


| | PAGE |
|---|---|
| QUESTION PRESENTED | i |
| RULE 29.1 LISTING | ii |
| TABLE OF AUTHORITIES | iv |
| OPINIONS BELOW | 1 |
| STATEMENT | 1 |
| The Trade Dresses Of The Two Dictionaries | 2 |
| The District Court | 4 |
| The Court of Appeals | 7 |
| REASONS FOR DENYING THE WRIT OF CERTIORARI | 9 |
| I. Petitioner Failed To Preserve The Issue Of The Standard Of Review | 9 |
| II. Review Under Either Standard Would Have Produced The Same Result | 10 |
| A. The Court of Appeals Used The Same Standard Employed By Every Court of Appeals To Review The Jury's Findings On The *Polaroid* Factors | 12 |

PAGE

B. The Court of Appeals' *De Novo* Balancing Led To The Same Result That Would Have Been Reached By A Court Reviewing The Jury's Balancing For Clear Error ..... 18

CONCLUSION ..... 20

APPENDIX ..... 1a

## TABLE OF AUTHORITIES

**Cases**

*Adickes* v. *S.H. Kress & Co.*, 398 U.S. 144 (1970) .... 10

*American Geophysical Union* v. *Texaco, Inc.*, 37 F.3d 881 (2d Cir. 1994) ..... 18

*Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033 (2d Cir. 1992) ..... 10, 11, 14, 15, 17

*City of Springfield, Mass.* v. *Kibbe*, 480 U.S. 257 (1987) ..... 9

*Delta Air Lines, Inc.* v. *August*, 450 U.S. 346 (1981) . 9-10

*EEOC* v. *Federal Labor Relations Authority*, 476 U.S. 19 (1986) ..... 9

*Freedom Savings & Loans Ass'n. v. Way*, 757 F.2d 1176 (11th Cir.), *cert. denied*, 474 U.S. 845 (1985) ..... 19

*G. & C. Merriam Co.* v. *Syndicate Publishing Co.*, 237 U.S. 618 (1915) ..... 2

*G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873 F.2d 985 (7th Cir. 1989) ..... 19

PAGE

*George Basch Co., Inc.* v. *Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir.), *cert. denied*, 113 S. Ct. 510 (1992) ..... 6, 7

*Harper & Row Publishers, Inc.*, v. *Nation Enterprises.*, 471 U.S. 539 (1985) ..... 18

*Inc. Publishing Corp.* v. *Manhattan Magazine, Inc.*, 616 F. Supp. 370 (S.D.N.Y. 1985), *aff'd*, 788 F.2d 3 (2d Cir. 1986) ..... 15

*Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833 (11th Cir. 1983) ..... 11, 19

*John H. Harland Co. v. Clarke Checks, Inc.*, 711 F.2d 966 (11th Cir. 1993) ..... 19

*Miles Lab., Inc.* v. *Shandon Inc.*, 997 F.2d 870 (Fed. Cir. 1993), *cert. denied*, 114 S. Ct. 943 (1994)... 18

*Minnesota Mining & Mfg. Co.* v. *Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559 (Fed. Cir. 1992) ..... 18

*Murphy* v. *Provident Mutual Life Ins. Co.*, 923 F.2d 923 (2d Cir. 1990), *cert. denied*, 112 S. Ct. 65 (1991) ..... 10, 11

*Mushroom Makers, Inc.* v. *R.G. Barry Corp.*, 441 F. Supp. 1220 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979) ..... 15, 16

*Paddington Corp.* v. *Attiki Importers & Distrib., Inc.*, 996 F.2d 577 (2d Cir. 1993)..... 10, 11

*Polaroid Corp.* v. *Polarad Elec. Corp.*, 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961)..... 5

*Twin Peaks Prods., Inc.* v. *Publications Int'l, Ltd.*, 996 F.2d 1366 (2d Cir. 1993) ..... 18

*United States* v. *Alvarez-Sanchez*, 114 S. Ct. 1599 (1994) ..... 9

PAGE

*United States* v. *Ortiz*, 422 U.S. 891 (1975) ..... 9

*United States* v. *Williams*, 112 S. Ct. 1735 (1992)..... 9

*W.W.W. Pharmaceutical Co.* v. *Gillette Co.*, 984 F.2d 567 (2d Cir. 1993) ..... 17

*W.W.W. Pharmaceutical Co.* v. *Gillette Co.*, 808 F. Supp. 1013 (S.D.N.Y. 1992), *aff'd*, 984 F.2d 567 (2d Cir. 1993) ..... 15

*Zeibart Int'l, Corp. v. After Market Assoc. Inc.*, 802 F.2d 226 (7th Cir. 1986) ..... 19

**Statutes**

Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a) (1988), as amended ..... 4

15 U.S.C. § 1117 (1988) ..... 6

28 U.S.C. § 1292(b) (1988, Supp. IV, 1992)..... 7

N.Y. Gen. Bus. L. 368-d (McKinney 1984)..... 3

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## BRIEF FOR RANDOM HOUSE, INC. IN OPPOSITION

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### OPINIONS BELOW

In addition to the opinions described in the petition, the district court's opinion denying petitioner a preliminary injunction (Res. App. 1a-14a) is reported at 1991 U.S. Dist. LEXIS 4135, 18 U.S.P.Q.2d 1755 (S.D.N.Y. 1991).

### STATEMENT

Petitioner seeks review of a decision by the United States Court of Appeals for the Second Circuit (Winter, Meskill, Pratt, JJ.) which unanimously vacated the jury's determination

that there was a likelihood of confusion between the trade dresses of dictionaries published by Random House, Inc. ("Random House") and Merriam-Webster, Incorporated ("Merriam-Webster") and that Merriam-Webster's trade dress and its trademark "Webster's Collegiate" were diluted. The court of appeals directed dismissal of the complaint.

**The Trade Dresses Of The Two Dictionaries**

Before the complaint in this case was filed, at least four different publishers, including Merriam-Webster and Random House, were publishing red dictionaries.[1] Pet. App. A5; Res. App. 1b-4b. Three of the four dictionaries were identified as "Webster's." No publisher has any special claim to the word "Webster's" as applied to dictionaries because, nearly 100 years ago, this Court held that the term is generic. *G. & C. Merriam Co.* v. *Syndicate Publishing Co.*, 237 U.S. 618, 622 (1915); *see* Pet. App. A73. Until the complaint in this case, Merriam-Webster had never claimed that any of the other red dictionaries was likely to be confused with its dictionary.

In 1990, Random House revised the jacket of its dictionary, and in February 1991, Merriam-Webster sued. Pet. App. A4, A5, A63. Merriam-Webster's initial complaint did not challenge the trade dress of the Random House dictionary. It claimed only that the Random House dictionary infringed Merriam-Webster's common law trademark "Webster's Collegiate" and its registered "bull's-eye"[2] logo and that it

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[1] *See* copies of the front and back jacket of Merriam-Webster's *Webster's Ninth New Collegiate Dictionary* (this edition introduced in 1983), the jacket of an earlier version of *The Random House College Dictionary* (this edition introduced in 1968), and the jackets of Houghton Mifflin's *Webster's II New Riverside University Dictionary* (this edition introduced in 1984) and Simon & Schuster's *Webster's New World Dictionary, Third College Edition* (this edition introduced in 1988). Res. App. 1b-4b. All of these dictionaries are the same size and have red jackets and white lettering.

[2] The "bull's-eye" logo appears prominently on the front of Merriam-Webster's dictionary and is also featured on its other reference

diluted those marks in violation of New York law, N.Y. Gen. Bus. L. § 368-d (McKinney 1984).

The court of appeals described Merriam-Webster's jacket as follows:

> The jacket has a bright red background. The front is dominated by the "bull's eye" logo—a large circle with a thin white outer rim, a thin blue outer rim, a central area with a background of white and the title, "Webster's Ninth New Collegiate Dictionary" in blue. The diameter of the "bulls-eye" is slightly over 6". The jacket is roughly 10" by 6-3/4". The words "A Merriam-Webster" appear in white script above the bull's eye. The word "Webster's" appears in white vertically on the spine and occupies close to half the space. Horizontally in smaller type appear "Webster's Ninth New Collegiate Dictionary" at the top of the spine and "Merriam Webster" at the bottom. Both are in white.

Pet. App. A3-4; *see* Pet. App. A62.

In contrast, Random House's jacket, according to the court of appeals:

> . . . is a slightly different shade of red than the [Merriam-Webster] jacket. Apart from the insertion of the word "Webster's," the new edition differs from the previous one [published by Random House, *see* Res. App. 26] only in that the words "Random House" and the "house" logo are slightly diminished in size, and the word "the" is deleted from the cover. Although smaller than in the prior edition, the logo and words "Random House" are in black and occupy roughly one-third of the

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books. Res. App. 1b. Merriam-Webster neither refers to its "bull's-eye" logo in its petition, nor mentions that the jury made a specific finding that the logo is a "strong and distinctive" trademark. Pet. App. A69. Consistent with its apparent effort to minimize the significance of its prominent "bull's-eye" logo, Merriam Webster did not reproduce the back of its jacket. *See* Pet. App. A62.

> front jacket. "Random House" is in block lettering and appears four times on the outside jacket. The spine displays the word "Webster's" vertically in large white letters. Horizontally, in smaller black letters, is "Random House" at the top along with the "house" logo and "College Dictionary" at the bottom of the spine.

Pet. App. A4; *see* Pet. App. A63.

**The District Court**

Soon after commencing its lawsuit, Merriam-Webster sought a preliminary injunction, which the district court denied after a lengthy evidentiary hearing.[3] Res. App. 1a-14a. After describing the jackets in detail and noting certain similarities, including the use of the word "Webster's" and red as a background color,[4] Res. App. 9a, the district court held:

> One feature each of the [Merriam-Webster] and [Random House] dictionaries leads the Court to find that there is not a likelihood of confusion warranting the issuance of a preliminary injunction notwithstanding such similarities as there are: the distinctive "bullseye" motif of the [Merriam-Webster] dictionary, on the one hand, and the strong [Random House] "house mark"—its name together with the drawing of a house—, on the other.

Res. App. 10a.

One week before trial, over Random House's opposition, Merriam-Webster amended its complaint to add a claim that Random House had infringed the trade dress of its dictionary in violation of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a), as amended. C.A. App. 22.

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[3] Merriam-Webster's petition does not disclose the denial of the motion for a preliminary injunction.

[4] The district court remarked that neither the color nor the word "Webster's" could be considered confusing in light of the other red Webster's dictionaries. Res. App. 9a.

After a four-week trial, the jury returned a verdict in favor of Merriam-Webster, answering 19 special interrogatories.[5] Pet. App. A5, A66-A74. The interrogatories did not elicit answers that explicitly conformed to the specific *Polaroid* factors that underlie the determination of likelihood of confusion. *See Polaroid Corp.* v. *Polarad Elec. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).[6] Instead, the interrogatories addressed (1) the threshold matters that must be established in order for a mark or trade dress to be entitled to trademark protection—*i.e.*, whether it is distinctive or alternatively, descriptive but with secondary meaning—(2) the ultimate issues of liability—*i.e.*, whether Random House infringed or diluted the marks and trade dress for which Merriam-Webster claimed protection; and (3) the damage award—*i.e.*, both the amount of the award and whether Random House's conduct justified an award of punitive damages or attorney's fees.

The jury answered that the Merriam-Webster's "bull's-eye" with the title *Webster's Ninth New Collegiate Dictionary* is a "strong and distinctive" trademark. Pet. App. A69. And, despite finding that Random House *had not* infringed Merriam-Webster's trademarks—the "Webster's Collegiate" mark or the "strong and distinctive" "bull's-eye" logo, which occupies more than half of the jacket of the Merriam-Webster dictionary, Pet. App. A3-A4—the jury nevertheless concluded that Random House *had* infringed the trade dress of Merriam-Webster's dictionary. Pet. App. A5-A6, A67-A68.

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[5] Twenty interrogatories were submitted to the jury, but its answers to the first 19 obviated the necessity for an answer to the last. *See* Pet. App. A71.

[6] The *Polaroid* factors relevant to this case are: "(i) the strength of Merriam-Webster's trade dress, (ii) the proximity of the products in the marketplace, (iii) Random House's bad faith in adopting its trade dress, (iv) the similarity between the two trade dresses, (v) evidence of actual confusion, and (vi) the sophistication of relevant consumer groups." Pet. App. A10.

In a particularly odd contradiction, the jury also found that Random House *had* diluted the distinctiveness of Merriam-Webster's "Webster's Collegiate" mark, even though "Webster's Collegiate" appears nowhere on the Merriam-Webster jacket or dictionary,[7] but Random House *had not* diluted the distinctiveness of the strong "bull's-eye" logo, which occupies more than half of the Merriam-Webster jacket. Pet. App. A6, A67, A69.

And, while the jury specifically found that Random House *had not* infringed the trade dress "maliciously or in wanton disregard" of Merriam-Webster's rights so as to justify an award of attorney's fees, Pet. App. A70, the jury found that Random House *had* infringed the trade dress "maliciously or in wanton disregard" of Merriam-Webster's rights so as to justify punitive damages, *id.*

The jury awarded Merriam-Webster $1,774,713 for its lost profits (which the district court doubled under 15 U.S.C. § 1117 (1988), *see* Pet. App. A38, A39 & n.14, A58), but nothing for Random House's net profits, and $500,000 in punitive damages. *Id.* at A6, A70, A74. The district court entered judgment on the jury's award of damages and, based on the dilution claim, issued an injunction.

On post-trial motions, the district court first vacated the compensatory damage award because it was irreconcilable with the jury's answers to the interrogatories; then reinstated the compensatory damage award because the Seventh Amendment mandated reconciliation of the jury's answers to the interrogatories with the award; then vacated the portion of the damage award relating to Random House profits, in light of the intervening decision in *George Basch Co., Inc.* v. *Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir.), *cert. denied*, 113 S. Ct. 510 (1992), granting Random House a new jury trial on this damage claim; then held that the retrial of this damage claim

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[7] The title of the dictionary was *Webster's Ninth New Collegiate Dictionary*.

would be to the court rather than the jury on the theory that the claim for Random House's profits was an equitable claim for unjust enrichment. *See* Pet. App. A6-A8 & n.1; C.A. App. 935-37. The district court also denied Random House's motions challenging the liability findings of the jury. Pet. App. A25-A35, A36 n.11.

**The Court of Appeals**

Random House appealed and the court of appeals reversed unanimously.[8] Contrary to Merriam-Webster's contention, Pet. 5, Random House's appeal to the court of appeals challenged the injunction "and the liability findings on which it was predicated." RH C.A. Br. at 11. Thus, the court of appeals reviewed the jury's conclusions, not "sua sponte" as Merriam-Webster claims, Pet. 6, but after being presented with Random House's claims of error.

The court of appeals first concluded with "no difficulty" that "the jury's finding that Merriam-Webster's trade dress was distinctive and had acquired secondary meaning was supported by the record." Pet. App. 10. Then, the court of appeals turned to the issue of likelihood of confusion and, consistent with its prior decisions, treated this issue as a mixed question of law and fact—the jury findings on the *Polaroid* factors to be reviewed under a "clearly erroneous" standard and the weighing of those factors to determine the ultimate issue of likelihood of confusion to be considered *de novo*. At no time during the appeal did Merriam-Webster challenge the standard of review applied in the Second Circuit to the issue of likelihood of confusion, nor did Merriam-Webster

[8] Merriam-Webster had sought certification under 28 U.S.C. § 1292(b) (1988, Supp. IV 1992) of the district court's grant under *Blue Coral* of a new trial on the damage claim, but, contrary to petitioner's assertion, Pet. 5 n.3, the court of appeals denied the certification without opinion. C.A. App. 1007. Random House had filed a motion for a writ of mandamus that the retrial of the Random House profits issue should be to a jury and not the court. This motion was mooted by the decision of the court of appeals. Pet. App. A20.

ever suggest to the Second Circuit that it review the issue *en banc*.

At the outset of its review, the court of appeals noted that the jury interrogatories did not address the *Polaroid* factors *per se*. Pet. App. A10-A11. The court of appeals was able to infer the jury's findings on these issues from the jury interrogatories that touched on these issues and from the jury's ultimate conclusion. *Id.* at A11. The court of appeals accepted the jury's explicit finding that Merriam-Webster's trade dress was strong and distinctive and the implicit finding that the two dictionaries were in close proximity in the marketplace.[9] *Id.* Then, considering all the evidence in the record, the court concluded that the jury's implicit findings on the similarity of the jackets, actual confusion, and sophistication of the relevant consumer groups could not be sustained. Pet App. A11-A15.

Moving to the second prong of its inquiry—whether a *de novo* balancing of the findings on the *Polaroid* factors leads to the conclusion that there is a likelihood of confusion—the court noted that the "single *Polaroid* factor supporting a finding of likelihood of confusion" was the jury's apparent finding that Random House had acted in bad faith. Pet. App. A15. However, since this finding could not by itself sustain a finding of likelihood of confusion, Pet. App. A16, the court concluded:

> Based on a weighing of the *Polaroid* factors, therefore, there is as a matter of law no likelihood of confusion between Merriam-Webster's trade dress and Random House's.

*Id.*

As a result, the court of appeals vacated the jury's finding and directed dismissal of the complaint. On similar grounds, the court also vacated the jury's findings of dilution.

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[9] The court of appeals also inferred that the jury had found bad faith from the jury's decision that Merriam-Webster was entitled to punitive damages because Random House had acted with malice. Pet. App. A11.

## REASONS FOR DENYING THE WRIT OF CERTIORARI

### I. PETITIONER FAILED TO PRESERVE THE ISSUE OF THE STANDARD OF REVIEW

Petitioner did not press in the courts below the issue of the proper standard of review. Nowhere in its briefs or during its oral argument to the court of appeals did petitioner challenge the Second Circuit's standard of appellate review. While petitioner's court of appeals brief mentioned in a footnote that other courts of appeals treat the determination of likelihood of confusion as completely factual and review it only for clear error, *see id.* at 21 n.6, nowhere did it argue that this was a better rule than the Second Circuit's standard, nor did it urge the court of appeals to consider adoption of a clearly erroneous standard. Although it had ample opportunity, Merriam-Webster did not petition for rehearing suggesting that the Second Circuit *en banc* reconsider its standard of review.

This Court generally declines to consider an issue "raised for the first time in the petition for certiorari." *United States* v. *Ortiz*, 422 U.S. 891, 898 (1975). The Court's "traditional rule . . . precludes a grant of certiorari when 'the question presented was not pressed or passed upon below.' " *United States* v. *Williams*, 112 S. Ct. 1735 (1992) (citation omitted). *Accord United States* v. *Alvarez-Sanchez*, 114 S. Ct. 1599, 1605 n.5 (1994) (Court declined to address respondent's Fourth Amendment argument where respondent did not raise it in the district court or court of appeals); *City of Springfield, Mass.* v. *Kibbe*, 480 U.S. 257, 258-59 (1987) (petitioner waived its argument that a higher standard than gross negligence was required for liability by failing to press such a standard in the court of appeals); *EEOC* v. *Federal Labor Relations Authority*, 476 U.S. 19, 24 (1986) ("Our normal practice, from which we see no reason to depart on this occasion, is to refrain from addressing issues not raised in the Court of Appeals"); *Delta Air Lines, Inc.* v. *August*, 450 U.S.

346, 362 (1981) (Court stated that "[a]lthough defendants' petition for certiorari presented the question of the District Judge's abuse of discretion in denying defendants costs under Rule 54(d), that question was not raised in the Court of Appeals and is not properly before us"); *Adickes* v. *S.H. Kress & Co.*, 398 U.S. 144, 147 n.2 (1970) (Court refused to consider issue raised for first time in petition for certiorari, stating that "[w]here issues are neither raised before nor considered by the Court of Appeals, this court will not ordinarily consider them").

Had petitioner wished to challenge the appropriateness of the Second Circuit's standard, it should have challenged it in either of its two briefs filed in the court of appeals, during its argument before that court, or in a petition for rehearing suggesting *en banc* review. These options not only would have provided the Second Circuit with an opportunity to address the issue in the first instance, but would have ultimately facilitated a more informed consideration by this Court.

Having failed to exercise one of these options, Merriam-Webster has not properly preserved the issue in dispute for Supreme Court review. Consequently, petitioner has waived its right to raise the issue and, for that reason alone, this Court should deny its petition.

## II. REVIEW UNDER EITHER STANDARD WOULD HAVE PRODUCED THE SAME RESULT.

The court of appeals recognized that, in the Second Circuit, "[w]hether likelihood of confusion exists is a matter of mixed fact and law reviewed *de novo*." Pet. App. A10. Although the court of appeals did not elaborate upon this statement, the three cases the court cited as authority for this approach—*Bristol-Myers Squibb Co.* v. *McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1044 (2d Cir. 1992); *Paddington Corp.* v. *Attiki Importers & Distrib.*, 996 F.2d 577, 582 (2d Cir. 1993); and *Murphy* v. *Provident Mutual Life Ins. Co.*, 923 F.2d 923 (2d Cir. 1990), *cert. denied*, 112 S. Ct. 65 (1991)—explicitly pro-

vide that "a district court's determination of the individual Polaroid factors [is] subject to review as findings of fact, subject to reversal only if clearly erroneous, while the ultimate balancing of all the Polaroid factors to determine the likelihood of confusion in any given case is done de novo by this Court." *Bristol-Myers Squibb Co.*, 973 F.2d at 1043, *Paddington Corp.*, 996 F.2d at 584-85, *Murphy*, 923 F.2d at 927.[10]

Merriam-Webster contends that review of this case is warranted because the court of appeals' two-prong (*i.e.*, clear error/*de novo*) standard for mixed questions of fact and law conflicts with the clearly erroneous standard that other courts of appeal use to review likelihood of confusion in trademark and trade dress cases. However, Merriam-Webster acknowledges that *all* courts of appeals, whether operating under the Second Circuit's two-prong approach or the clear error test, review the trier-of-fact's *Polaroid* findings under a clear error standard. Pet. 10. In other words, the first prong of the Second Circuit's test is identical to the first step under the clear error test. *See Jellibeans, Inc. v. Skating Clubs of Georgia, Inc.*, 716 F.2d 833, 840, 846 (11th Cir. 1983). Thus, as even petitioner agrees, any split occurs only with regard to the weighing of the *Polaroid* factors. Pet. 10.

In this case, however, the result would have been the same under either standard because the court of appeals based its ultimate reversal on the application of the first prong of its two-part test, which employed the deferential review that

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[10] Petitioner mischaracterizes the court of appeals' opinion when it contends that the Second Circuit "stated that it reviews *findings* regarding likelihood of confusion *de novo* as a mixed question of law and fact." Pet. 6 (emphasis added). Contrary to petitioner's contention, the court of appeals' statement—that likelihood of confusion constitutes a "matter of mixed fact and law reviewed *de novo*" (Pet. App. A10)—simply recognized the Second Circuit's two-prong standard of review and acknowledged that the ultimate determination of likelihood of confusion, *i.e.*, the final balancing of the *Polaroid* factors, constitutes a legal matter reviewed *de novo*.

Merriam-Webster concedes is the same in all courts of appeals.[11] The court of appeals' weighing of the factors under the second prong of its test necessarily led to reversal once it concluded that three underlying *Polaroid* findings were clearly erroneous. But a clear-error court would also have concluded that these findings were clearly erroneous and would further have concluded that a jury finding of likelihood of confusion based on these clearly erroneous findings could not stand. Thus, under either standard, reversal was required.

### A. The Court of Appeals Used The Same Standard Employed By Every Other Court of Appeals To Review The Jury's Findings On The *Polaroid* Factors

Conceding, as it must, that the Second Circuit employs the *same* standard of review with respect to jury findings on the *Polaroid* factors as does *every other* court of appeals, Pet. 10, Merriam-Webster maintains that the court of appeals, despite its careful citation of Second Circuit authority setting forth its standard of review, actually engaged in a *de novo* review of the *Polaroid* factors. Pet. 6. Petitioner's contention finds no support in the opinion of the court. Although the court of appeals did not use the words "clearly erroneous," it effectively employed this standard in reviewing the jury's findings implicitly underlying its determination of infringement.

After pointing out that the jury interrogatories "did not elicit answers explicitly conforming to [the *Polaroid*] factors"

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[11] This Court need not resolve whether the standards that the courts of appeals apply are really in conflict because, as Random House shows, the result would have been the same under either standard.

Petitioner also contends that the Second Circuit did not even apply the deferential first prong of its two-prong test to the jury's *Polaroid* findings, but instead reviewed the *Polaroid* factors *de novo*. Pet. 6 n.6, 25. As demonstrated below, however, the court of appeals reviewed the jury's findings on each of the *Polaroid* factors to determine whether the evidence in the record could support them.

and "[t]he special verdict makes explicit only that the jury found Merriam-Webster's trade dress to be strong and distinctive," Pet. App. A10-11, the court of appeals inferred from the jury's interrogatory answers that the jury found that "the two dictionaries are in close proximity in the market" and that Random House acted in bad faith, *id.* The court "had no problem" with the jury's findings that Merriam-Webster's trade dress was strong and distinctive. Pet. App. A11. Nor did it have a problem with the jury's apparent finding that the two dictionaries were in close proximity in the market. The court of appeals then analyzed the jury's other implicit findings regarding the remaining *Polaroid* factors—similarity of the jackets, actual confusion, and sophistication of the purchasers.

**Similarity of the Jackets**

In reaching its conclusion that a finding of similarity was "preclude[d]" by the evidence, Pet. App. A13, the court of appeals noted the critical discrepancy between the jury's explicit interrogatory answer that the Merriam-Webster "bull's-eye" logo is strong and distinctive and its implicit finding that the trade dress of the two dictionaries was similar.

> The fatal flaw in Merriam-Webster's case is the unstated (for obvious reasons) premise that the "bull's-eye" logo and the very name Merriam-Webster are neither strong nor distinctive. The jury, of course, found to the contrary, and there is ample evidence of Merriam-Webster's consistent promotion of the "bull's-eye" logo and its name on a variety of reference works.

Pet. App. A12. In other words, the jury's explicit finding that petitioner's mark was strong and distinctive could be harmonized with the contradictory finding that the jackets are confusingly similar only by assuming that the Merriam-Webster "bull's-eye" logo, which occupies more than half of the Merriam-Webster jacket, would be confused with Random House's

angular house-shaped logo and that the name "Merriam-Webster" on one dictionary would be confused with the name "Random House" on the other. Pet. App. A12.

The court also noted that Merriam-Webster used "bright blue, a color not used on the Random House jacket," Pet. App. A11, and emphasized the dictionaries' "conspicuous use" of different logos and different names, *id.* at A11-12. Although Merriam-Webster attempted to justify the jury's finding by relying on the likeness of the two spines, the court noted that:

> [T]he color red (in different shades) is standard for dictionaries, and the word "Webster's" is generic. Both spines, moreover, feature the quite different names of the publishers.

*Id.* at A12.

Applying its previously announced holding that "the prominence of the trade names on the two packages weighs heavily against a finding of consumer confusion resulting from the overall look of the packaging," *Bristol Myers*, 973 F.2d at 1037,[12] the court of appeals concluded that:

> [T]he impressions conveyed by the combinations of angular and curving logos, and by quite different names and some different colors (bright blue is used for the title on the Merriam-Webster Word), preclude a finding of similarity.

Pet. App. A13.

Even though it did not use the words, "clearly erroneous," the court of appeals' conclusion that a finding of similarity

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[12] The court of appeals decided *Bristol Myers* while the district court was considering Random House's post-trial motions but, despite Random House's having brought the opinion to the district court's attention, the district court did not cite it or otherwise apparently rely on it on this issue.

was "preclud[ed]" on the evidence in the record, Pet. App. A16, certainly satisfies the "clearly erroneous" test.

**Actual Confusion**

The court of appeals surveyed the only evidence before the jury allegedly showing actual confusion—two people who had never purchased either dictionary, a buyer for the B. Dalton book chain, and photographs.[13] Petitioner does not suggest that the court of appeals overlooked any evidence. *See* Pet. App. A14. The Second Circuit requires that evidence of actual confusion must be adduced from *real customers* in the relevant market—those who *actually purchased* defendant's product instead of plaintiff's because they were actually confused as to the source of defendant's product.[14]

Although, by the time of trial, the parties' two dictionaries had competed in the market for several months, providing sufficient opportunity for any actual confusion likely to occur, Merriam-Webster called *not one* purchaser who claimed to have been confused. Instead, Merriam-Webster called Phyllis Moseley, who had distributed Random House dictionaries

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[13] In the court of appeals, Random House, relying on *Inc. Publishing Corp.* v. *Manhattan Magazine, Inc.*, 616 F. Supp. 370, 389 (S.D.N.Y. 1985), *aff'd*, 788 F.2d 3 (2d Cir. 1986), argued that testimony of three Merriam-Webster salespeople concerning out-of-court statements of seven bookstore employees should was hearsay and should never have been admitted in evidence. RH C.A. Br. 29-36. That the court of appeals excluded this hearsay evidence when it catalogued the record evidence of actual confusion indicates that the court agreed with Random House.

The court of appeals noted that Merriam-Webster did not offer any survey of consumer confusion, an absence that "counts against finding actual confusion." Pet. App. A14.

[14] *See, e.g., Bristol-Myers*, 973 F.2d at 1049; *W.W.W. Pharmaceutical Co., Inc.* v. *Gillette Co.*, 808 F. Supp. 1013, 1022 (S.D.N.Y. 1992), *aff'd*, 984 F.2d 567 (2d Cir. 1993); *Mushroom Makers, Inc.* v. *R.G. Barry Corp.*, 441 F. Supp. 1220, 1231 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979).

donated by Random House as door prizes at a secretarial convention, and Judith Brook, who testified about her impressions of a dictionary review she saw as she thumbed through a magazine while she watched television. C.A. App. 100-03, 113. Both witnesses admitted that they did not purchase Random House's dictionary, nor were they even planning to, when their "confusion" occurred. By contrast, the only real dictionary customer to testify was Susan Pohja, the dictionary buyer for B. Dalton Bookseller, a national retail chain. *Id.* at 536-46. Random House called Ms. Pohja, who testified that she was not confused when she decided, on behalf of B. Dalton, to purchase Random House's new dictionary. *Id.* at 543-46.

Merriam-Webster also introduced as "evidence" of actual confusion photographs taken in a New York City bookstore by a professional photographer retained by Merriam-Webster's counsel for trial (C.A. App. 148, 150). They show a bookshelf on which the Merriam-Webster and Random House dictionaries are intershelved at one end and two other reference books are intershelved at the other end. Photographs are not probative evidence of actual confusion—they are speculation. *See Mushroom Makers, Inc.*, 441 F. Supp. at 1231-32. Simply because these products are mixed together in a retail store is not evidence that a customer actually purchased defendant's product instead of plaintiff's because he or she was confused as to product source. Here, there is no way to know whether this intershelving was caused by a stock person or a customer hastily reshelving a book. It certainly does not show whether a purchase was made or whether anyone was confused.

Having reviewed the sparse evidence before the jury on actual confusion, the court observed that "[t]here was no testimony by any consumer, retail or wholesale, who intended to buy a Merriam-Webster dictionary but mistakenly bought a Random House dictionary because of confusion between the two products' trade dresses." Pet. App. 14. The court commented that "[t]he lack of survey evidence counts against

finding actual confusion," and concluded "that Merriam-Webster failed to show actual confusion affecting purchasers." *Id.* Again, although the court of appeals did not use the words "clearly erroneous," its evaluation of the record, which showed no probative evidence of actual confusion, satisfied the "clearly erroneous" standard.

**Sophistication of the Purchasers**

No evidence at trial supported the jury's apparent conclusion that purchasers were unsophisticated. The testimony Merriam-Webster now cites, Pet. 26, does not support its argument that the court of appeals erred in determining that the "sophistication" factor weighs heavily against Merriam-Webster. Res. App. 1c, 1d-2d. The testimony of Donald F. Miller, a Merriam-Webster salesperson, dealt only with how dictionaries are advertised and displayed,[15] not with the sophistication of the customers. Res. App. 1c. Robert Sydney Albert, a Random House salesperson, testified that dictionary purchasers sought advice about what dictionary to purchase and accepted the recommendation of the salesperson who always recommended the most current. Res. App. 2d. If anything, his testimony suggests that customers use care in making purchasing decisions by asking questions about quality and do not simply pick any dictionary off the shelf.

Faced with no evidence on this issue, the court of appeals, relying on *W.W.W. Pharmaceutical Co.*, 984 F.2d 567, 576 (2d Cir. 1993), held that retailers "may be assumed to be sophisticated buyers," Pet. App. A15, and, relying on *Bristol-Myers Squibb Co.*, 973 F.2d at 1046-47, concluded that the $20 purchase price indicated that dictionaries were not "low-involvement" goods, Pet. App. A15. The court also noted the obvious fact that individual dictionary purchasers are "generally literate." *Id.* Thus, although the jury made no explicit finding

[15] Mr. Miller testified: "We always, we are always displaying the face of the book. The spine of the book, perhaps, about 50 percent of the time." Res. App. 1c.

concerning sophistication, the court of appeals concluded that a finding of sophistication was the only supportable conclusion based on the evidence.

### B. The Court of Appeals' *De Novo* Balancing Led To The Same Result That Would Have Been Reached By A Court Reviewing The Jury's Balancing For Clear Error

As is its practice, the Second Circuit reviewed the determination of likelihood of confusion—the balancing of the *Polaroid* factors—*de novo*.[16] Finding that "[t]he single *Polaroid* factor supporting a finding of likelihood of confusion is the inference that Random House acted in bad faith," Pet. App. A15, the court of appeals held that "what little evidence of bad faith exists is insufficient by itself to show a likelihood of confusion." *Id.* at A16. The court therefore held that "there is as a matter of law no likelihood of confusion between Merriam-Webster's trade dress and Random House's." *Id.*

The court of appeals' analysis and the language of its opinion show that under either standard of review, the outcome of

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[16] Although Merriam-Webster attempts to characterize *de novo* balancing of the *Polaroid* factors as unprincipled and unparalleled, courts routinely engage in this type of review in the analogous areas of copyright and patent law. In copyright infringement cases, the issue of "fair use" is a mixed question where the evidence supporting the fair use factors is reviewed for clear error and the ultimate question—the balancing of the factors—is considered *de novo*. *See Harper & Row Publishers, Inc.*, v. *Nation Enterprises*, 471 U.S. 539, 560 (1985); *American Geophysical Union* v. *Texaco, Inc.*, 37 F.3d 881, 886 (2d Cir. 1994); *Twin Peaks Productions, Inc.* v. *Publications Int'l, Ltd.*, 996 F.2d 1366, 1374 (2d Cir. 1993). Similarly, in the patent context, the Federal Circuit treats "obviousness" as a legal conclusion subject to *de novo* review, but reviews the underlying factual determinations under a clearly erroneous standard. *See Miles Lab., Inc.* v. *Shandon Inc.*, 997 F.2d 870, 877 (Fed. Cir. 1993), *cert. denied*, 114 S. Ct. 943 (1994); *Minnesota Mining & Mfg. Co.* v. *Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1572 (Fed. Cir. 1992).

this case would not change. The court of appeals did not merely conclude that there was no likelihood of confusion. It held there to be no likelihood of confusion "as a matter of law." *Id.* Thus, it held that no reasonable jury could have determined that there was likelihood of confusion—a holding which, *a fortiori*, establishes that, even if the Second Circuit reviewed likelihood of confusion under a clearly erroneous standard, it would come to the same result.

In any event, even a court of appeals reviewing a finding of likelihood of confusion under a clear error standard would necessarily have come to the same conclusion. Under review for clear error, an appellate court, just like the court of appeals in this case, first reviews each of the *Polaroid* findings for clear error. It then considers whether a mistake regarding the *Polaroid* findings caused clear error on the ultimate issue of likelihood of confusion. *See, e.g., Jellibeans, Inc.*, 716 F.2d at 840, 846.

As demonstrated above, three of the jury's tacit *Polaroid* findings---on similarity of the trade dress, actual confusion, and sophistication of the buyers—do not survive clear error analysis. It is inconceivable that a clear-error court would have concluded that an ultimate finding of likelihood of confusion, which depended on three clearly erroneous *Polaroid* findings, was not itself clear error. That result is patent when the erroneous *Polaroid* findings include the obviously critical factors of similarity of the trade dresses and evidence of actual confusion. *See G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873 F.2d 985, 999 (7th Cir. 1989); *Zeibart Int'l Corp. v. After Market Assoc., Inc.*, 802 F.2d 220, 226 (7th Cir. 1986); *Freedom Savings & Loan Ass'n* v. *Way*, 757 F.2d 1176, 1182, 1186 (11th Cir.), *cert. denied*, 474 U.S. 845 (1985); *John H. Harland Co.* v. *Clarke Checks, Inc.*, 711 F.2d 966, 977 (11th Cir. 1983).

## CONCLUSION

Merriam-Webster did not preserve the issue it now seeks to raise. In any event, the court of appeals' decision would have been the same had it used the clear error test that petitioner espouses, instead of the Second Circuit's two-prong test. The petition for a writ of certiorari should, therefore, be denied.

Respectfully submitted,

Robert G. Sugarman
*Counsel of Record*
Gloria C. Phares
David J. Lender
Marcia S. Cohen
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

*Counsel for Respondent*

*Of Counsel*

Ellis B. Levine
Diana R. Frost
Random House, Inc.
201 East 50th Street
New York, New York
(212) 572-2355

Ralph P. Huber
Pamela A. Rask
Sabin Bermant & Gould
350 Madison Avenue
New York, New York 10017
(212) 692-4400